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Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 L-03 IO-13 NSC-05 AID-05
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15
XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 /086 W
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R 211634Z APR 77
FM AMEMBASSY ABIDJAN
TO DEPT OF TREASURY
INFO SECSTATE WASHDC 3079
AMEMBASSY MAPUTO

UNCLAS ABIDJAN 4024

DEPT PASS NAC AGENCIES

EO 11652: N/A
TAGS: AFDB AFDF EFIN EAID
SUBJ: PROPOSED AFDF LOAN TO FINANCE NAMPEVO- ALTO-MOLOCUE ROAD IN MOZAMBIQUE

1. SUMMARY: AFDF MANAGEMENT PROPOSES 8 MILLION FUND UNIT OF ACCOUNT (FUA EQUAL TO US $1.11) LOAN TO GOVERNMENT OF REPUBLIC OF MOZAMBIQUE TO FINANCE A PORTION OF 121 KM ROAD IN NE CENTRAL REGION OF MOZAMBIQUE. TOTAL COST OF PROJECT NET OF TAXES ESTIMATED AT 15.5 MILLION FUA. GOM TO FINANCE REMAINDER OF COSTS.

2. AFDF DOC BD/77/35 AND ATTACHMENTS DESCRIBING LOAN POUCHED TO ADDRESSEES APRIL 21. BOARD CONSIDERATION SCHEDULED FOR APRIL 29.

3. AFDF MANAGEMENT PROPOSES 8 MILLION FUA LOAN TO GOVT OF MOZAMBIQUE. LOAN WOULD FINANCE PORTION OF COST OF CONSTRUCTION OF TWO LANE BITUMEN STANDARD OF THE NAMPEVO-ALTO-MOLOQUE ROAD 121 KM IN LENGTH, AND PROVISION OF CONSULTANCY SERVICES FOR PREPARATION OF TENDER DOCUMENTS AND SUPERVISION OF CONUNCLASSIFIED

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STRUCTION. AFDF LOAN WOULD FINANCE 51PERCENT OF PROJECT COST, ALL IN FOREX. GOM WILL FINANCE REMAINDER OF COSTS AMOUNTING TO 7.5 MILLION FUA OF WHICH 2.7 MILLION IS IN FOREX. COST OVERRUNS WILL BE ASSUMED BY GOM. PROJECT COSTS INCLUDE 10 PERCENT ALLOWANCE FOR PHYSICAL CONTINGENCIES AND 16 PERCENT ALLOWANCE FOR PRICE ESCALATIONS. PROPOSED TERMS OF AFDF LOAN ARE 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE,

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0.75 PERCENT SERVICE CHARGE. GOM TO BE BORROWER, MINISTRY
OF WORKS EXECUTING AGENCY.

4. THE NAMPEVO-ALTO-MOLOCUE ROAD IS A SEGMENT OF THE NORTH-
EAST CENTRAL ROAD (1,660) KM THAT WILL EVENTUALLY CONNECT
THE NORTH TO THE SOUTHERN PART OF THE COUNTRY. THIS ROAD
ALSO CONNECTS THE CENTER OF THE COUNTRY IN THE VICINITY OF
VILLA PERY WITH THE EXTREME NORTHEAST AT MOCIMBA DA PRAIA,
SITUATED NEAR THE COASTAL BORDER WITH TANZANIA. THE EXISTING
NAMPEVO-ALTO-MOLOCUE ROAD IS 131 KM LONG RUNNING ALONG AN
UNEVEN HILLY RANGE. DUE TO THE TOPOGRAPHY AND LACK OF DRAINAGE
FACILITIES, THE EXISTING ROUTE IS CONSTANTLY ERODED AND OFTEN
RENDERED UNUSABLE FOR EXTENDED PERIODS. THE EXISTING ROUTE IS
BASICALLY AN EARTH TRACK LESS THAN 5 METERS WIDE ON THE AVERAGE.
THE NEW ROAD WILL FOLLOW A NEW ALIGNMENT, ELEVEN KMS SHORTER
THAN THE EXISTING ONE. IT WILL HAVE AN OVERALL WIDTH OF
11METERS INCLUDING 7 METERS OF PAVED AND SHOULDERS
OF 2 METERS. THE ROAD, WHICH IS DESIGNED FOR A BASIC SPEED
OF 80 KM PER HR, WILL HAVE A SUB-BASE VARYING BETWEEN 20
AND 30 CM WITH 4 TO 5 CM DOUBLE BITUMINOUS SURFACE WITH
CRUSHED GRANITE. THE DRAINAGE SYSTEM WILL DIRECT WATERS
THROUGH USE OF BOX CULVERTS AND PIPE. SEVEN NEW CONCRETE
SUPPORT BRIDGES WITH AN AVERAGE SPAN OF 28 METERS WILL BE
CONSTRUCTED.

5. THE CONSTRUCTION OF THIS MAJOR ARTERY AND THE DEVELOPMENT
OF ITS PLANNED RURAL FEEDERS WILL ASSIST IN THE ECONOMIC DEVEL-
OPMENT OF THE RURAL POPULATION WHILE INTEGRATING THEM INTO THE
MAINSTREAM OF THE SOCIETY. THE PROJECT AREA IS THE RICHEST
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AGRICULTURAL AND CATTLE BREEDING REGION OF THE COUNTRY, AND
ALSO CONTAINS AN ECONOMICALLY IMPORTANT MINING REGION. THE
AREA HAS AN ESTIMATED POPULATION OF 300 THOUSAND PEOPLE. IN
1976 THE AREA IS ESTIMATED TO HAVE PRODUCED 18,000 TONS OF
TEA, 14,000 TONS OF MAIZE, 6,000 TONSOF COTTON, 5,000 TONS
OF PEANUTS, AND VARIOUS OTHER AGRICULTURAL COMMODITIES.
MINERALS INCLUDE MICA, TANTALUM, KAOLIN, BERYLIUM, AND SEMI-
PRECIOUS STONES. BY 1980, MINING PRODUCTION IS EXPECTED
TO REACH 47,000 TONS. THE ROAD IS EXPECTED TO ASSIST MEASUR-
ABLY IN FACILITATING EVACUATION OF AGRICULTURAL AND MINING
PRODUCTS.

6. TRAFFIC ON THE CURRENT ROUTE IS APPROXIMATELY 220 VEHICLES
PER DAY, CONSISTING OF 46 PERCENT TRUCKS, 22 PERCENT BUSSES,
20 PERCENT PASSENGER CARS, AND 12 PERCENT LIGHT COMMERCIAL
VEHICLES. AVERAGE DAILY TRAFFIC IS ESTIMATED TO REACH 313
IN 1980 WHEN THE ROAD WILL BE OPENED. IT IS ESTIMATED TO
GROW THEREAFTER AT AN ANNUAL RATE OF 7 PERCENT REACHING 1,151
VEHICLES PER DAY BY THE END OF PROJECT LIFE IN 1999.

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PROJECTIONS INCLUDE ESTIMATE OF 40 PERCENT INDUCED TRAFFIC.

7. BENEFITS TO BE DERIVED FROM THE PROJECT INCLUDE SAVINGS IN VEHICLE OPERATING COSTS AND AVOIDED VEHICLE OPERATING COSTS ON 11 KM. TOTAL NET BENEFITS ARE ESTIMATED AT 5.3 MILLION FUA IN THE FIRST YEAR OF ROAD BEING OPEN, REACHING 19.2 MILLION FUA IN 1999. INTERNAL RATE OF RETURN IS ESTIMATED AT 35 PERCENT. IF PROJECT COSTS WERE TO INCREASE BY 20 PERCENT WHILE BENEFITS WERE TO DECREASE BY 20 PERCENT, THE RATE OF RETURN WOULD DROP TO 28 PERCENT. STEARNS

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Message Attributes

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Disposition Approved on Date:
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TAGS: EFIN, EAID, AFDB, AFDF
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